



State of Utah

Department of Environmental Quality

Dianne R. Nielson, Ph.D.
Executive Director

DIVISION OF DRINKING WATER
Kevin W. Brown, P.E.
Director

Drinking Water Board
Anne Erickson, Ed.D., *Chair*
Myron Bateman, *Vice-Chair*
Ken Bassett
Daniel Fleming
Jay Franson, P.E.
Helen Graber, Ph.D.
Paul Hansen, P.E.
Laurie McNeill, Ph.D.
Dianne R. Nielson, Ph.D.
Petra Rust
Ron Thompson
Kevin W. Brown, P.E.
Executive Secretary

JON M. HUNTSMAN, JR.
Governor

GARY HERBERT
Lieutenant Governor

MINUTES OF THE DRINKING WATER BOARD MEETING HELD ON MAY 11, 2006 IN DUGWAY, UTAH

Board Members Present

Anne Erickson, Chairman
Myron Bateman, Vice Chairman
Ken Bassett
Daniel Fleming
Jay Franson, P.E.
Paul Hansen, P.E.
Dianne Nielson, Ph.D.
Ron Thompson

Board Members Excused

Helen Graber, Ph.D.
Laurie McNeill, Ph.D.
Petra Rust

Staff Present

Kevin Brown
Ken Wilde
Rich Peterson
Karin Tatum
Heather Bobb
Linda Matulich

Guests

Brody Blonquist, Pine Meadows
Eric Anderson, Pine Meadows
Jason Reed, Dugway Proving Ground
Joseph Gearo, Dugway PG Env. Programs
Jack Skeen Dugway Proving Ground
Scott Reed, Dugway Proving Ground
David Dillman, Horrocks Engineers
John Woffinden, Horrocks Engineers
Charlotte Nelson, Beaver Dam WC
Art Cooper, Mayor, Panguitch City
Allen Henrie, City Manager, Panguitch City
Robert Worley, Sunrise Engineering
Doug Nielsen, Sunrise Engineering

ITEM 1 – CALL TO ORDER

The Drinking Water Board convened in Dugway, Utah with Chairman Erickson presiding. The meeting was called to order at 1:00 p.m.

Chairman Erickson thanked Dugway Proving Ground staff for the informative tour, break and lunch, and the conference room for the Board meeting.

ITEM 2 – ROLL CALL

Chairman Erickson asked Kevin Brown to call roll of the Board members. The roll call showed there were 8 members present at the time.

ITEM 3 – INTRODUCTIONS

Chairman Erickson welcomed everyone and asked the guests to introduce themselves.

ITEM 4 – MINUTES – MARCH 3, 2006

Chairman Erickson stated a motion to approve the March 3, 2006 minutes would be in order.

Ron Thompson moved to approve the March 3, 2006 minutes.

Jay Franson seconded.

**CARRIED
(Unanimous)**

ITEM 5 – SRF/CONSERVATION COMMITTEE REPORT

1) Status Report – Ken Wilde

Ken Wilde mentioned the Board has \$5,198,754 available in the State SRF Loan Fund program. The State Hardship Grant Fund has \$714,186 available.

Staff recently closed Cornish's \$300,000 loan, Meadow's \$922,500 loan, and Pleasant Grove's \$350,000 loan. Staff will be closing Garden City's loan when some of their problems are cleared up. Millville's \$1,562,000 loan is scheduled to close in June.

Ken mentioned the Federal SRF Loan Fund program, shows a \$3,871,871 minus on the chart. The Federal SRF Loan Fund has some authorized money that has not been collected yet. St. George's loan will be \$2,000,000 to \$3,000,000 less than what they were authorized for. The Intended Use Plan has been submitted, and will be ready to use soon. The Board still has money available to use for projects. Ken mentioned staff closed \$9,000,000 worth of loans in November 2005. Staff intends to close another \$13,000,000 between May 8, 2006 and June 15, 2006. The program is going very well.

Ken mentioned Brigham City will need to reissue their bonds. Brigham City will be authorizing a new indenture. Brigham City will be asking the Board for permission to reissue their bonds in order to keep the formality in place.

2) Planning Loans

a) Enterprise – State SRF Loan

Rich Peterson reported Enterprise City is requesting a \$7,000 planning loan for a master plan. The SRF/Conservation Committee is requesting the Board authorize a planning loan of \$7,000 at 0% interest for 5 years.

Doug Nielsen and Robert Worley, Sunrise Engineering representing Enterprise City, were available for any questions from the Board.

Jay Franson moved the Board authorize a planning loan of \$7,000 at 0% interest for 5 years. The scope of work will include a determination of how to resolve the appropriate issues on their compliance report with the proposed construction project. The loan may be paid back in 5 annual payments, one balloon payment, or rolled into a project funding request if they come back to the Board for additional assistance.

Ron Thompson seconded.

**CARRIED
(Unanimous)**

b) Beaver Dam Water Company – Federal SRF Loan

Karin Tatum reported Beaver Dam Water Company is requesting a \$20,000 planning advance to review their water source and storage and distribution line deficiencies in order to come up with the best course of action to correct the problems for their residents.

Charlotte Nelson, representing Beaver Dam Water Company, addressed the Board and was available for any questions from the Board.

Discussion followed.

Jay Franson moved the Board authorize a \$20,000 planning advance at 0% interest for 5 years, repaying \$4,000 annually beginning one year from the day the loan agreement is signed. The applicant may elect to roll the balance of any loan principle into a future construction loan. The planning advance will allow Beaver Dam Water Company to address the deficiencies in a methodical and economical manner, so they can address the issues and move forward.

Daniel Fleming seconded.

**CARRIED
(Unanimous)**

3) State SRF Applications – Rich Peterson

a) Panguitch

Rich Peterson reported Panguitch would like to redevelop their spring source. Panguitch will contribute \$30,000 toward their project. Panguitch is requesting a \$75,000 grant from Rural Development. Panguitch is requesting \$173,000 from the Drinking Water Board. Panguitch does not qualify for grant money under the State SRF program. Panguitch is considered a hardship community under the Federal SRF program.

The SRF/Conservation Committee is recommending the Board authorize a \$35,000 (20%) grant and a \$138,000 (80%) loan at 1.93% for 20 years from the State SRF program with the condition that they resolve the appropriate issues on their compliance report.

Mayor Art Cooper, Allen Henrie, City Manager, and Robert Worley, Sunrise Engineering representing Panguitch City, addressed the Board, and were available for questions.

Discussion followed.

Ron Thompson moved the Board authorize a grant of \$35,000 (20%) and a loan of \$138,000 (80%) at 1.93% interest for 20 years with the condition they resolve the appropriate issues on their compliance report.

Ken Bassett seconded.

**CARRIED
(Unanimous)**

4) Federal SRF Applications – Karin Tatum

a) Pine Meadows Mutual Water Company

Karin Tatum reported Pine Meadows Mutual Water Company is requesting a loan of \$3,695,000 from the Board to help them construct a 500,000 gallon concrete storage tank and replace approximately 60,900 feet of undersized shallow-buried distribution lines. The construction of the tank and the distribution lines will bring the water system into compliance with the drinking water rules.

Eric Brody and Eric Blonquist, and David Dillman, Horrocks Engineers, Pine Meadows Mutual Water company representatives, addressed the Board, and were available for any questions.

Discussion followed.

Ken Bassett moved the Board authorize a \$3,695,000 loan at 3.0% interest for 20 years to Pine Meadows Mutual Water Company.

Anne Erickson seconded.

**CARRIED
(Unanimous)**

ITEM 6 – CHAIRMAN’S REPORT

Chairman Erickson reported on a news article from the Salt Lake Tribune on April 7, 2006 titled: “Beaver’s H2O blows rest of U.S. out of the water”, which is under “Item 8 – News” in the packet. Beaver went up against 46 Utah cities and water districts in a taste test at the Rural Water Association of Utah’s 2006 annual conference and won. Beaver’s water was submitted to the National Rural Water Nationwide Taste Test held in Washington, D.C. Beaver’s entry won top honors, and is the state’s first national winner.

ITEM 7 – DIRECTORS REPORT

a) FY 2007 Draft Goals (Previous e-mail)

Kevin Brown mentioned he sent out an e-mail yesterday to the Board on the Draft of the 2007 Annual Goals. A copy of the goals is in the handouts today.

Kevin highlighted some of the goals for the coming year:

Goal # 1: Require all new public water systems to become public entities of the state. Elimination of private water system creations (public entity of the state only).

Goal # 6: Improvements to the SRF program (funding coordinating committee, On-line applications for SRF loans, restructure the SRF program, automated meter reading funding by the SRF program, and security issues (construction rule changes, funding program changes, and any training in conjunction with AWWA and RWAU).

Goal # 8: The Compliance Section will evaluate EPA's DBP Stage 2 and LT2ESWTR Rule, and develop a corresponding rule by the end of the calendar year 2006. Water systems will report to IPMC.

Goal # 9: Staff will develop and adopt revisions of the Disinfection Rule, and create any companion guidance document(s) for Rule R309-3520-14, and have training during the fall and winter.

Goal # 19: Change the state statute to allow private/mutual water companies to have access to state funded loans.

Kevin mentioned staff will be working on 28 goals this coming year. If anyone has any questions, let him know.

Discussion followed.

b) Budget Status

Kevin Brown went over the budget for the coming year. Staff will be closing out the year on June 30, 2006 in the black. In 2007, staff will be even with their money status. Depending what the Legislature will do this next year on our budget, we could end the 2008 year in a deficit. Staff has a workgroup looking at different ways staff could increase their revenue during the next Legislative session.

ITEM 8 – NEWS ARTICLES

The news articles are in the packet.

ITEM 9 – LETTERS

The letters are in the packet.

ITEM 10 - NEXT BOARD MEETING

The next Board meeting is scheduled for July 14, 2006 at the DEQ offices. There will be a tour in the morning of the Emigration Canyon Water System, lunch and a Board meeting at 1:00 p.m.

ITEM 11 – OTHER

Chairman Erickson thanked Linda and Rich for the work they did on getting the Board packet set up and sent out through the e-mail system.

Kevin reminded everyone to leave their passes at the Guard Station on their way out.

ITEM 12 – ADJOURN

Myron Bateman moved to adjourn the Board meeting at 1:45 p.m.

Paul Hansen seconded.

**CARRIED
(Unanimous)**

Linda Matulich
Recording Secretary